DEPARTMENT OF HEALTH AND HUMAN SERVICES SUPPLEMENT TO THE GOVERNMENT-WIDE REPORT ON IMPLEMENTATION OF PUBLIC LAW 106-107

I. BACKGROUND

This enclosure is the Department of Health and Human Services (HHS) supplement to the government-wide portion (Enclosure 1) of the annual report on progress in implementing Public Law 106-107, the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L 106-107 or the "Act").

HHS, as the Federal department with the largest and most varied granting activity, has long been a leader in government-wide efforts to improve the award and administration of grants. These efforts have included working with the Office of Management and Budget (OMB) and our sister Federal agencies to revamp OMB's grants administration circulars and actively participating in the Federal Demonstration Partnership (FDP), an ongoing initiative to reduce administrative burden and allow for increased research productivity and simplify rules and regulations.

In Fiscal Year (FY) 2001, HHS awarded $201 billion in grant funds, including $30 billion through discretionary grants and cooperative agreements. Our portfolio includes discretionary research programs, accounting for $15.6 billion of those awards, and mandatory grant programs, such as Medicaid and Temporary Assistance to Needy Families, accounting for $170 billion. Our applicants and recipients include state and local governments, Native American tribes and tribal organizations, universities, and community-based organizations. In the aggregate, the OPDIVs are responsible for administering over 300 research, service, and training grant programs, under which they receive applications/plans from and make awards to over 9,000 recipients.

As a result of our continuing leadership in interagency initiatives, we willingly accepted OMB's invitation in July 2000 to serve as the lead agency for the implementation of the Act. That role, as originally described in the initial plan to Congress and OMB in May 2001, has broadened. This change is the result of the Administration's E-Gov initiatives, one of which is E-Grants, and reassessment of the overall governance structure for the Federal Grant Streamlining Program (FGSP). HHS now has lead agency responsibility both for the government-wide streamlining and simplification activities of the FGSP and, as appropriate, their electronic implementation through E-Grants.

We also are working internally within HHS to meet the Act's challenges by streamlining and simplifying our organization, policies, processes, and operations consistent with the direction of the government-wide efforts and to be able to meet the E-Grants timelines. In addition to our overall leadership role, to ensure that our OPDIVs are prepared to implement government-wide changes, HHS staff members have been actively involved in the FGSP work groups and the E-Grants initiative.

II. HHS LEADERSHIP IN THE INTERAGENCY EFFORTS

A. The Federal Grant Streamlining Program

As described in the May 2001 initial plan, the Director, OMB charged the Grants Management Committee (GMC) of the Chief Financial Officers Council to be the coordinating body for the interagency effort to meet the purposes of the Act. The GMC is comprised of policy-level representatives from the grant-making agencies. Four streamlining and simplification work groups and a General Policy and Oversight Team (GPOT), collectively known as the FGSP, operated under the GMC's auspices. HHS, along with OMB, serves as the co-chair of both the GPOT and the GMC. The intent was that the Work Groups would develop streamlining proposals to be reviewed by the GPOT, and, if supported by the GPOT, the GPOT would recommend them to the GMC for approval. Once approved by the GMC, the proposals would be forwarded to OMB or other cognizant agency for further action.

These roles have changed or evolved over the last year. The FGSP work group structure has been modified as indicated in Section II. of Enclosure 1. The stated purpose of the GPOT as described in the May 2001 initial plan was to oversee the progress of the work groups and examine crosscutting issues that do not relate to a particular phase or aspect of the grant life cycle. However, as the FGSP work groups have brought their initial products to the table, the GPOT's role has become a strategic one of determining the best approach to bringing a proposal to fruition so that the applicant and recipient communities may benefit from their early adoption. The GPOT also has been a forum for addressing the changing role of the FGSP with the advent of E-Grants, and now includes the E-Grants Program Manager as a member. HHS will continue serving in both these roles—the strategic role and the leadership role for the government-wide streamlining and simplification activities.

B. E-Grants

E-Grants, as described in Enclosure 1, will transform the Federal grants environment in significant ways. E-Grants represents the means to implement many of the anticipated outcomes of the government-wide streamlining and simplification activities and to do so in a way that has major benefits for non-Federal organizations, particularly those that do business with multiple agencies or programs. In its initial phase, the E-Grants initiative will allow the general public to obtain information about all available Federal grant and cooperative agreement funding opportunities and to apply for those opportunities through a single government-wide portal.

As the lead agency for this initiative, HHS collaborates with 10 other Federal partner agencies[1] and the remaining 15 non-partner agencies, as well as with the non-federal constituency and with industry. The E-Grants governance consists of an Executive

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[1] In addition to HHS, the E-Grants partner agencies are the Departments of Agriculture, Commerce, Defense, Education, Housing and Urban Development, Justice, Labor, and Transportation, the Federal Emergency Management Agency, and the National Science Foundation.

Board, co-chaired by two HHS managers—the E-Grants Program Manager and the Acting Deputy Assistant Secretary for Grants and Acquisition Management—both of whom report to the Assistant Secretary for Administration and Management (ASAM). The Executive Board is responsible for decisions regarding program strategy and use of resources. The E-Grants Program Management Office is comprised of a staff of detailees whose employing agencies have lent the talent and expertise of these individuals to this initiative. The effectiveness of the HHS E-Grants leadership role is enhanced by the close working relationship with the FGSP, including E-Grants Program Management Office participation in the FGSP work groups and GPOT.

Under the leadership of the E-Grants Program Manager, the E-Grants initiative is positioned to meet its goals and objectives within the ambitious 24-month time frame established for the E-Gov initiatives. The target date for deployment of a unified application mechanism, the completion of Phase 1 of the E-Grants initiative, is October 1, 2003.

C. Coordinating with Non-Federal Constituencies

Through both the FGSP and the E-Grants initiative, we continue to consult with the affected non-Federal constituencies. The E-Grants Program Manager has actively sought out these partners with respect to the plans for the E-Grants portal. We speak at conferences and meetings of constituency groups to keep them updated on progress, to obtain their input, and, where appropriate, use them as "sounding boards" for proposals.

III. HHS PROGRESS AS AN AGENCY

While the interagency Work Groups and E-grants initiative are making progress and developing products (as discussed in Enclosure 1), HHS is working internally to ensure that it is well positioned to rapidly implement the resulting changes. We continue to improve our processes as a Department consistent with the expected changes and have sought to involve our constituencies when we plan to make changes that affect them. The OPDIVs also conducted a survey of its recipients (as part of an HHS-wide Balanced Scorecard initiative) and is making changes in areas identified by them as needing improvement.

Following are summaries of HHS efforts to streamline and simplify its grant programs and activities since the initial plan on the implementation of the Act was submitted to Congress and OMB in May 2001. These summaries highlight the leadership our OPDIVs assumed in streamlining and simplifying the grants process pursuant to Pub. L. 106-107. Building on the successes and lessons learned from these initiatives, we will work with these lead OPDIVs to provide all HHS grant-awarding OPDIVs with best practices and models for wider application. By this means, we expect to enhance our overall implementation of Pub. L. 106-107.

A. Organizational Changes

HHS is a large and diverse department. We fully appreciate the challenge of "one face" to the applicant/recipient community across grant-making agencies, and under the Secretary's leadership, the OPDIVs have been working to fulfill our "One Department" vision. One part of this effort is to consolidate grants offices in most of the OPDIVs that have historically had multiple awarding offices. The consolidation is well underway, and the transition should be completed in fiscal year 2003. We expect this consolidation to be of significant benefit to recipients due to greater commonality of processes and requirements (in anticipation of the government-wide standards that will result from the FGSP efforts and the E-Grants initiative).

B. Electronic Processes

The E-Grants portal (previously known as the Federal Commons) will serve as a common point of entry through which applicants for and recipients of Federal grants and cooperative agreements can submit and receive electronic transactions from Federal offices. The E-Grants portal will translate various technology options available to the recipient community into a single data standard for transmission to the Federal agencies and will provide electronic access to grant and business process information.

Through its participation in the Inter-Agency Electronic Grants Committee (IAEGC), the National Institutes of Health (NIH) was one of the original participants in developing the concept and planning for the Federal Commons, which built on the NIH Commons concept. The IAEGC now operates under the auspices of the E-Grants Program Management Office. NIH also was an active partner in the development of the Transaction Set 194, which is serving as the starting point for the core data set for applications to be submitted through the E-Grants portal. NIH continues to actively represent the Department's research programs in the interagency forums.

While the E-Grants portal will present "one face" to recipients, the interface with the granting agencies will continue to allow for multiple "back office" systems. Several of our OPDIVs are upgrading their existing systems to improve their current interface with the applicant/recipient community and to be able to provide the needed interface when there is a fully functioning E-Grants portal. These include NIH, which continues to enhance the core functionality of the NIH Commons, i.e., registration, accounts administration, profiles (professional and institutional) and status, the Health Resources and Services Administration (HRSA), the Office of Public Health and Science (OPHS), and the Indian Health Service (IHS). NIH expects to begin a phased deployment by fall 2002, and the OPHS and IHS interfaces should be operational by the summer of 2003. These dates are consistent with the October 1, 2003 target date for government-wide deployment of the application mechanism in the E-Grants portal.

C. Increasing the Availability of Information

<u>Providing Funding Opportunity Announcements and Other Grants Management
Information to the General Public</u>

Most of the OPDIVs have redesigned or enhanced their grants management pages on the
Internet within the last year and the modified pages are now available to the public. The
upgrades are intended to provide easier user interface, updated navigation techniques, or
greater accessibility to information, including funding opportunity announcements and
forms. The relevant OPDIVs are NIH, the Centers for Medicare and Medicaid Services,
the Food and Drug Administration (FDA), the Substance Abuse and Mental Health
Services Administration (SAMHSA), the Centers for Disease Control and Prevention
(CDC), and the Agency for Healthcare Quality and Research.

In anticipation of the adoption of a standard funding opportunity announcement format as
reported in Enclosure 1, in May 2002 HHS instituted a review at the ASAM level of
program announcements. As a result of this activity, we are moving toward improved
financial assistance planning for the Department as a whole. This will allow earlier
notice of funding opportunities (thus affording a longer period for application
preparation) and consolidation of funding announcements (thereby reducing the number
of separate announcements issued). HRSA and SAMHSA currently publish a
consolidated listing of their respective funding opportunities early in the fiscal year**.**
Several other OPDIVs have begun to improve their planning processes within the last
year. These OPDIVs will serve as models for the remaining OPDIVs. In addition to
HRSA and SAMHSA, the OPDIVs that are working on improving their planning
processes include the Administration for Children and Families (ACF) and FDA. We
expect applicants to see benefits from these improvements in fiscal year 2003.

While HHS already has a policy standard for funding opportunity announcements, this
review is intended to ensure adherence to the policy, consistency across the HHS
OPDIVs, and equity in treatment of potential applicants. The Awarding Agency Grants
Administration Manual, which is used by most of our OPDIVs, was recently modified
(August 2002) to incorporate the explicit treatment of cost sharing as addressed in the
proposed standard announcement template.

As a complement to the E-Grants initiative's implementation of FedBizOpps for grants,
NIH expects to complete by May 2003 a major redesign of its "*NIH Guide for Grants
and Contracts,*" which NIH and other OPDIVs use to announce funding opportunities to
the public and which will have an automated interface with FedBizOpps. The improved
features include advanced searching and listing capabilities, easier readability and
accessibility, and creating a common look to announcements. Other OPDIVs also have
made their program announcements shorter and clearer, e.g., through use of plain
language.

Several HHS OPDIVs will participate in the FedBizOpps pilot scheduled to begin in the
summer of 2002.

Targeted Information and Outreach

Some of our OPDIVs developed web-based instruction, tools, or query capabilities for recipients (new and continuing), or those with questions about policy or compliance requirements or questions related to a particular subject matter, e.g., technology transfer. Their efforts are considered "best practices" and are being shared with the other OPDIVs for possible adoption.

We continue to provide training and technical assistance to constituencies in need of such information in order to improve services to the public. Examples of this year's accomplishments (all of which have been completed, are ongoing, or will reach fruition in fiscal year 2003) include developing a dedicated web site for ACF's Head Start grantees to help them become more effective stewards of Federal funds while delivering required services; training grantees under OPHS' Family Planning program; CDC technical assistance to community-based organizations; efforts by NIH to ensure that organizations have the technical capability to electronically submit applications; and, with the cooperation of the State of Montana, SAMHSA's conduct of a weeklong session on grant application writing to Native American Tribes in Montana and surrounding areas.

SAMHSA and NIH have jointly developed a National Registry of Effective Prevention Programs to identify model programs that communities might emulate.

We plan to share the experiences of all of these OPDIVs with the remaining OPDIVs as models to consider for similar types of programs and grantees.

D. Applications

The HHS OPDIVs are making greater use of fillable forms and electronic processing of grant applications. While most of this activity is directed at discretionary grants, SAMHSA is using an automated block grant application system, which they plan to convert to an interactive system. In fiscal year 2003, we will review SAMHSA's experience with the other OPDIVs that have mandatory grant programs for possible extension to those programs.

With particular emphasis on its state programs, in January 2002 CDC began including objective/quantitative performance measures in its grants and cooperative agreements for which the recipient will be accountable. This provides the states with a consistent basis for long-term planning, monitoring, evaluation, and reporting, which should result in improved program outcomes. This approach also allows CDC to adopt a more targeted approach to technical assistance and provides a consistent basis for assessment of states' progress toward reducing the incidence of targeted public health problems. We intend to use the CDC approach for other public health grant programs where states are the primary recipients of HHS funds.

E. Reporting

Three of the largest OPDIVs—NIH, CDC, and HRSA—have discontinued the longstanding HHS practice of requiring both an application as a prerequisite to each year's non-competing continuation funding and a progress report(s). Those OPDIVs now rely on the progress report as the basis for deciding whether to continue to provide funding for a project and no longer require a separate continuation application. In fiscal year 2003, we will work with these OPDIVs to evaluate their experience and, if favorable, will consider whether other OPDIVs should adopt a similar approach for their discretionary grant programs. NIH is developing the capability to receive these reports electronically and expects full deployment by spring 2003.

NIH also is developing a Web-based system that will provide easier grantee access and a friendlier user-interface for submission of Financial Status Report (FSR) data to replace its current electronic system. Deployment of that system is planned for fall 2003.

ACF is creating a secure Internet application that will significantly reduce the data entry burden on grantees trying to comply with the reporting requirements of their awards and will improve the availability of data for ACF decision-making purposes. Once that project reaches the demonstration phase, we will involve the other OPDIVs in reviewing its potential for use across HHS.

NIH initially developed and is now the host of i-Edison, which supports electronic invention reporting by grantees and contractors government-wide. NIH continues to make improvements to i-Edison for its users and has been an integral part of the accomplishments and plans reported in Enclosure 1 with relation to standards for a government-wide invention report.